

Message Text

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73

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E.O. 11652: N/A

TAGS: EFIN, SF

SUBJ: GOLD PRODUCTION FOR FIRST QUARTER 1974

1. WORKING PROFIT FROM GOLD IN THE MARCH 1974 QUARTER INCREASED BY ABOUT 18 PERCENT OVER DECEMBER 1973 QUARTERLY FIGURES WHILE WORKING COSTS ROSE APPROXIMATELY 3 PERCENT AND GRADES CONTINUED TO DECLINE. THE QUARTERLY STATEMENT OF THE SOUTH AFRICAN CHAMBER OF MINES REVEALS A TOTAL WORKING PROFIT OF THE 41 MINES REPORTING OF R 351.8 MILLION (\$527.7 MILLION), UP FROM R 301.5 MILLION (\$452.2 MILLION) IN THE DECEMBER QUARTER. GOLD PRODUCTION, MEANWHILE, DECLINED FROM TOTAL 206,067.9 KILOGRAMS FINE IN DECEMBER QUARTER TO 192,665.9 KILOGRAMS FINE IN THREE MONTH PERIOD ENDING MARCH. HIGHER REVENUE, OF COURSE, REFLECTED SUSTAINED HIGH PRICE OF GOLD ON FREE MARKET. AVERAGE PRICE RECEIVED DURING QUARTER WAS \$146 PER TROY OUNCE. (COMMENT: PRICES RECEIVED BY THE MINES VARIES ACCORDING TO TIMING OF THEIR SALES AND LAG SEVERAL WEEKS BEHIND FLUCTUATIONS IN FREE MARKET

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PRICES. DISCREPANCY BETWEEN AVERAGE PRICE RECEIVED AND AVERAGE

FREE MARKET PRICE OF AROUND \$165 ALSO ATTRIBUTABLE TO FACT THAT APPROXIMATELY 10 PERCENT OF PRODUCTION DURING FEBRUARY AND MARCH SOLD TO THE MINT AT \$42 PER OUNCE FOR KRUGER RANDS. MINES WILL NOT RECEIVE PREMIUM ON THIS AMOUNT UNTIL PROCEEDS FROM THE COINS ARE RECEIVED.)

2. TENDENCY TO MINE LOWER GRADE ORE HAS CONTINUED IN EFFORT TAKE ADVANTAGE OF HIGH PRICES AND EXTEND WORKING LIFE OF RESPECTIVE MINES. AVERAGE GRADE DECLINED FROM 10.87 GRAMS GOLD PER METRIC TON MILLED IN DECEMBER QUARTER TO 10.45 GRAMS PER TONE IN MARCH QUARTER. TOTAL TONNAGE MILLED ALSO DECLINED FROM 18.9 MILLION TONS TO 18.4 MILLION TONS OVER SAME PERIOD. ALL PLANTS OPERATED AT CAPACITY DURING QUARTER WITH EXCEPTION OF ANGLO AMERICAN FREE STATE MINES WELKOM, FREE STATE GEDULD AND WESTERN HOLDINGS WHICH SUFFERED DISRUPTIONS RESULTING FROM TRIBAL CONFLICTS AMONG MINERS AT COMPANY HOSTELS.

3. NOTING CONTINUED INCREASE IN WORKING COSTS (THREE PERCENT DURING QUARTER), MINING COMPANIES CONTINUED EMPHASIZE NEED INCREASE PRODUCTIVITY LEST BENEFITS OF INCREASED GOLD PRICES BE DISSIPATED. GOLD FIELDS, JOHNNIES AND AAC ALL REPORTED TO BE MAKING CAPITAL IMPROVEMENTS AND IMPROVING PLANTS AND EQUIPMENT TO THIS END. AAC CLAIMS BE PIONEERING NEW METHOD OF BOX-HOLE DRILLING USING 1.5 METER DIAMETER TUNNEL BORE DEVELOPED BY SMITH INTERNATIONAL (SMITH TOOL COMPANY) OF LOS ANGELES. INITIAL TESTS OF THIS EQUIPMENT AT WEST DRIEFONTEIN GOLD MINE APPARENTLY SUCCESSFUL. AAC REPORTED THAT EQUIPMENT PROVED FASTER, SAFER AND CHEAPER THAN TRADITIONAL METHOD OF DRILLING AND BLASTING. ANOTHER HOLE IS PLANNED AT WEST DRIEFONTEIN AND A SECOND MACHINE OF SIMILAR DESIGN WILL SOON BE INTRODUCED.

4. FOLLOWING TABLE SHOWS QUARTERLY WORKING RESULTS -- PRODUCTION, REVENUE, COSTS AND PROFITS -- OF GOLD MINES ASSOCIATED WITH SA CHAMBER OF MINES:

	PRODUCTION	WORKING	WORKING	WORKING
	REVENUE	COSTS	PROFITS	
KG. FINE GRADE (MILLION				(MILLION
(1000) G. PER MT RAND)		RAND)	RAND)	

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1973

I	212.7	11.71	319.8	166.5	153.4
II	209.8	11.25	416.4	187.0	229.4
III	215.6	11.09	506.6	207.2	299.4
IV	206.1	10.87	511.1	209.6	301.5
TOTAL	844.2	11.22	1,754.0	770.3	983.7

1974

I 192.7 10.45 566.8 215.0 351.8

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